



INTERACTIVE ENTERTAINMENT MERCHANTS ASSOCIATION

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**Interactive Entertainment Merchants Association  
Statement Of Hal Halpin, President, In Opposition To  
Senate Bill 416  
Michigan House Judiciary Committee  
August 24, 2005**

The Interactive Entertainment Merchants Association (IEMA) is the non-profit trade organization representing the leading retailers of computer and video game products in the United States. IEMA member companies collectively account for almost 75% of the \$10 billion annual games business in the U.S.

IEMA members take the issue of retailer enforcement of policies inhibiting the sale or rental of "Mature" rated games to minors very seriously; however, we do not believe that legislation is the answer. The IEMA, and the retailers we represent in the State of Michigan, respectfully oppose Senate Bills 416. The IEMA believes the proposed bill is unnecessary, as retailers are firmly committed to voluntarily enforcing and promoting the video game rating system. Moreover, this bill violates the First Amendment of the U.S. Constitution, and possibly the Constitution of the State of Michigan.

**I. Retailers Are Firmly Committed to Voluntary Enforcement of the Ratings System**

In December 2003, all IEMA members implemented an identification checking process at the point-of-sale for games rated "Mature" by the Entertainment Software Ratings Board (ESRB). For more than half of our members, this has been a new company-wide policy. We publicly committed to having all members redouble their efforts or otherwise institute new carding procedures by December 2004 – a complete retooling of the very way in which games are sold; much like parallel music and movie products. IEMA's self-regulatory efforts are significant, and data shows that IEMA retailers have recognized and are meeting their social obligations. Self-regulation is working, and parental empowerment rather than legislation is the answer.

The most recent "Video Game Report Card," released in November 2004 by the National Institute on Media and the Family, revealed a 20% drop in the sale of "Mature" rated games to minors. According to the report's secret shopper survey, minors were unsuccessful 66% of the time, while in the previous year's report, minors were unsuccessful 45% of the time. This statistic is significant in that it puts game retailers in the same compliance range as movie theatre owners – long held up as the Gold Standard in ratings enforcement. It also shows that since the prior FTC study, retailers take their commitment seriously and conclusively proves that in-store carding policies can and do work. IEMA retailers remain committed to continued improvement, and we are confident that our retailers will continue to succeed in this endeavor.

In addition to implementation of a carding program, our members have partnered with the ESRB to promote the ratings system by displaying in-store signage to educate patrons on the ratings system. These customer education efforts include various in-store displays and merchandising materials that explain the ratings system. Since over 83% of all video game purchases are made by adults (according to the FTC), the IEMA believes the key to stopping Mature-rated games from getting into the hands of minors is through parental empowerment – the education of parents and consumers about the ratings system.

It is our belief that our role as retailers is to ensure that parents are provided with the essential tools necessary to make an informed decision about whether a particular game is appropriate for their child. IEMA retailers have sacrificed valuable advertising and marketing space, and invested part of their yearly budgets, to ensure that educational materials are prominently displayed to consumers in their stores. These displays are typically located where the games are merchandised, to maximize the opportunity to capture consumers' attention and help them make informed choices.

Moreover, several of our retailers have taken additional steps to promote the ratings system, including: using ratings information in their own advertising, in-store merchandising, interactive displays, loop-tape promotions, PSAs (Public Service Announcements), and posting the ratings systems on their websites. Many retailers are actively incorporating the ESRB ratings system

into sales associate training and national manager conferences, to help ensure their staff members are better educated about ratings and their new carding policies.

## **II. ERLAM**

The Coalition of Entertainment Retail Trade Associations (CERTA), of which IEMA is a founding member, represents more than 2,000 retailers who operate more than 40,000 video and video game stores, theaters, music stores, online music sites, and other retail operations; CERTA has adopted "awareness of the various entertainment ratings systems" as one of their initiatives. The focus of the national campaign is to encourage retailers to review their ratings education and voluntary ratings enforcement policies, reemphasize those policies to their employees, and educate their customers about the movie, music, and video game ratings systems and store policies. As part of this effort, June 2005 was declared Entertainment Ratings & Labeling Awareness Month (ERLAM), to help raise awareness of the ratings systems among consumers and retail employees.

## **III. Conclusion**

It is IEMA's belief that tangible and impressive progress is being made through voluntary cooperation between IEMA and the ESRB with regard to stemming the accessibility of violent games to minors. In working with parallel trade organizations and agencies of the Federal Government, efforts have been undertaken toward further improvements and investments to accomplish this. Retailers are already committed to achieving the goal of preventing access to violent video games to minors, and legislation will not serve as further motivation. Further, legislation will not replace the ultimate role, and responsibility, of parents in their duty to raise their children. Legislation *will* negatively impact Michigan retailers and the thousands of individuals that they employ.

*Established in 1997, the Interactive Entertainment Merchants Association (IEMA) is the non-profit U.S. trade association dedicated to serving the business interests of leading retailers that sell interactive entertainment software (including video and computer games, multimedia entertainment, peripherals, and other software). Member companies of the IEMA collectively account for almost 75% of the \$10 billion annual interactive entertainment business in the United States. (<http://www.iema.org>)*